

REMARKS

By this Amendment, applicant has amended dependant claim 3 into independent form. Claims 1-19 are currently pending in the present application. Reconsideration of all grounds of rejection in the Office Action, and allowance of all of the pending claims are respectfully requested in light of the following remarks.

Claim 3 has been objected to as being dependant upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims. Thus, applicant has rewritten claim 3 in independent form, as suggested by the Examiner. Therefore, applicant respectfully submits that claim 3 is in condition for allowance.

The Examiner has finally rejected claims 1, 2 and 4-19 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent 6,591,365 to Cookson in view of U.S. Patent 6,081,897 to Bersson and further in view of U.S. Patent 5,930,209 to Spitzenberger et al.

Applicant respectfully traverses the rejection of claim 1 as instant claim 1 recites, *inter alia*, a “data stream being mixed with watermark data having at least one reserved bit.” Thus, as recited in claim 1, at least one of the bits of the watermark is a reserved bit. Neither Cookson, Bersson nor Sptiz teach a watermark where one of the bits of the watermark is reserved. Nor do Cookson, Bersson or Sptiz even suggest using one of the bits of the watermark as a reserved bit. Thus, applicants submit that claim 1 is not unpatentable over the cited references for at least this reason.

Claims 2 and 4 in this application dependent either directly or indirectly from independent claim 1 and are, therefore, believed allowable and patentable under 35 U.S.C. § 103 for the same reason discussed above.

Independent claims 5, 10, 18 and 19 each recite watermark data having at least one reserved bit. Thus, independent claims 5, 10, 18 and 19 are believed allowable and patentable under 35 U.S.C. § 103 for the same reason discussed above with respect to claim 1.

Claims 6-9 and 11-17 dependent either directly or indirectly from independent claims 5, 10, 18 and 19 and are, therefore, believed allowable and patentable under 35 U.S.C. § 103 for the same reason discussed above.

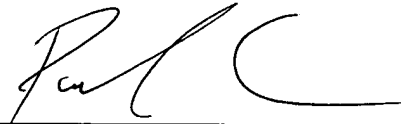
For the foregoing reasons, it is respectfully submitted that all the present claims are patentable in view of the cited references. A Notice of Allowance is respectfully

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requested. The commissioner is authorized to charge any fees required in connection with the present Amendment to Deposit Account No. 14-1270.

Respectfully submitted,



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On April 28, 2006
By Natalie Mayo